

CONFLICT OF ECONOMIC POLICY

By Gil Sedan

JERUSALEM, Oct. 3 (JTA) -- A series of proposals by Finance Minister Yitzhak Modai to impose a one-time tax on cars, businesses and factories, as well as taxes on children allowances and luxury flats ran into a snag today as members of the Ministerial Economic Committee refused to approve them.

On the surface, it appeared that some of the ministers were angry with Modai for not providing them with sufficient and accurate information prior to the meeting. At least this was the contention of Gad Yaacobi, acting chairman of the committee, and Deputy Premier David Levy who was especially vociferous in his criticism of Modai.

Below the surface, however, the conflict between Modai and Levy was not relegated to purely economic matters nor informational inadequacies but rather a carefully planned political development on the part of Levy, according to political pundits. Levy, a member of Likud's Herut wing, is preparing to present himself as a champion of labor's rights in the April, 1985 Histadrut elections.

He has, therefore, been pounding away at Modai's economic proposals and has charged that the unity government's economic measures taken so far will bear down hardest on the wage earners. Levy's aides have been saying publicly that Modai, who is a member of Likud's Liberal wing, is "shooting aimlessly in all directions" without really having an overall policy of solving the nation's economic crisis. Levy has resigned from the special ministerial committee negotiating economic matters with Histadrut.

Possibility Of Herut, Liberal Split

The conflict between Levy and Modai also points to the ever-growing possibility of a split between Herut and the Liberals, which may leave the Liberals in the unity government and Herut in the opposition. Science and Technology Minister Gideon Patt (Liberal) warned that the differences between the Liberals and Herut may lead to a split that will have the Liberals staying in the government and cutting their ties with Herut. "We have not forgotten the way Herut treated us on the eve of the elections," Patt said. This was a reference to the reduction of the number of Liberals on the Likud ticket.

Agreement Reached On Education Fee

While decisions on Modai's tax proposals were deferred today, an agreement was reached between Premier Shimon Peres and Education Minister Yitzhak Navon on an education fee. The principle of the agreement was an across-the-board fee for kindergarten to high school pupils. For one child in school, a family will pay 4,000 Shekels; for two children or more, parents will pay 6,000 Shekels. It was also agreed that free high school education will not be abolished.

The proposed taxes and the agreement on the education fee followed last night's decision to ban the imports of 50 "luxury" items and the elimination of travel allowances. (See separate story.)

There was widespread public debate today about the wisdom behind the latest economic measures. Few economists justified the steps -- mainly from the psychological point of view -- to put an end to "show-off purchases." Most economists argued that the limitations on imports were exactly the opposite of what needed to be done.

They charged that the limitations would speed up inflated prices of domestically-produced items, that it might expose Israel to counter-measures against its own exports, and that taxes imposed on imported luxury items would be lost.

A major problem arising from the limitation on imports is the conflict between this measure and Israel's trade agreements with the European Economic Community and the proposed free trade zone with the United States. Although Israeli officials conceded that the new economic measure is not in the spirit of these agreements, they said they intend to persuade overseas trading partners that there is an emergency situation in Israel which should be taken into account.

Quite surprisingly, the ban on imported luxury items has not yet created a last minute buying spree. Shops in Tel Aviv did not experience any increase in buying. Supermarkets and department store managers reported normal buying, with only a slight increase in the sales of imported cosmetics and alcoholic beverages.

One place that was busier than usual was the black market on Lillienblum Street in Tel Aviv where Shekels were being sold at 443 to the U.S. Dollar, compared to the official exchange rate of 412.74 Shekels to the Dollar. The flurry of black market activity this morning was triggered by news reports that Attorney General Yitzhak Zamir was in favor of cracking down on the black market and ending the free trading in "greens."

ISRAEL IMPOSES BAN ON 'LUXURY' ITEMS

By Gil Sedan

JERUSALEM, Oct. 3 (JTA) -- The government imposed a six-month ban on the import of a large selection of items yesterday in a desperate effort to save Israel's fast dwindling foreign currency reserves.

The measure, which the economic Cabinet agreed to only after a prolonged, stormy debate, was announced by Minister of Commerce and Industry Ariel Sharon at a press conference late in the day. It was adopted after foreign currency reserves sank to about \$2 billion, sufficient to pay for imports over a 40 day period only. Until recently, Israel maintained foreign currency reserves of \$3 billion which is considered the "red line" or danger point.

Sharon listed 50 import items classified "luxury" which are affected by the ban. They include automobiles, color television sets, refrigerators, video recorders, car radios, furniture, cosmetics, chocolate and soft drinks. Items in those categories presently on the way to Israel or not yet released by Customs will be subject to a 40 percent levy. The average price of an automobile will rise from \$10,000 to \$13,000.

Price Freezes Along With Import Ban

Sharon announced a price freeze on products made in Israel concurrent with the import ban. This measure will prevent local manufacturers from raising their prices as import goods disappear from the market. The

government also announced that Israelis travelling abroad will not be allowed to use credit cards overseas and the maximum foreign currency they can take with them is reduced from \$2,000 to \$1,000.

Some economic experts have already expressed sharp criticism of the import ban. They contend that it has no logic inasmuch as the most Israel will save is \$200-\$300 million in foreign currency. But the money that would be spent on imports is still in circulation and people will find other ways to spend it, they said.

The government views the ban as yet another austerity measure needed to resolve the country's economic crisis. Premier Shimon Peres, who will be in Washington next week to seek immediate substantial increases in U.S. economic assistance, met yesterday with Ambassador Samuel Lewis to discuss the economic situation. They also reportedly discussed current Middle East issues involving Lebanon, Jordan and Egypt.

THREE IDF SOLDIERS WOUNDED

TEL AVIV, Oct. 3 (JTA) — Three IDF soldiers were wounded as their patrol was travelling north of the Awali River today, the army spokesman said.

He gave no other details of the patrol, but according to reports from Beirut radio an IDF patrol consisting of eight armored personnel carriers, four Merkava tanks and an army bulldozer crossed the Awali River today and took up positions in two places in the Kharoub area, where fighting has recently raged between Druze and Phalangist Christian forces.

The radio said that IDF planes also flew at supersonic speeds over Beirut and Baalbek, creating loud sonic booms.

ROSENNE: HUSSEIN'S REJECTION OF ISRAEL'S OFFER SHOW ARABS ONLY WANT AN IMPOSED SOLUTION

By David Friedman

WASHINGTON, Oct. 3 (JTA) — Israeli Ambassador Meir Rosenne said last night that the rejection by King Hussein of Jordan of the offer by the new Israeli unity government to begin negotiations demonstrates that the Arab countries only want an imposed settlement.

"We have said it for years, that if you want to establish peace you sit in the negotiating table, you submit, you present your requests and then there is a discussion," Rosenne said at the closing banquet of the United Jewish Appeal's Hineni III, a three-day gathering of the UJA's major leadership.

"The trouble is that the Arab countries want the results of the negotiations before any negotiations take place," he said. Rosenne added this is why the government of Premier Golda Meir rejected the plan proposed by Secretary of State William Rogers in the Nixon Administration and Premier Menachem Begin rejected President Reagan's September 1, 1982 Mideast peace initiative.

"There can be peace in the Middle East only if the Arab countries understand they cannot impose peace on Israel," he stressed.

Predicts Major Soviet Campaign

Rosenne predicted that the Soviet Union will launch a major campaign to press for its call for an international conference on the Middle East that will include the United States, the USSR, Israel, the Arab countries, the Palestine Liberation Organization and perhaps the West European countries.

He said Israel and the U.S. oppose this because "nothing will come out of such a conference." He noted that in 1977, Egyptian President Anwar Sadat went to Jerusalem partly because the U.S. and the Soviet Union issued a joint statement calling for an international conference in Geneva.

The Israeli envoy said negotiations will come about when the Arabs realize Israel is strong, not only militarily but internally. He said the establishment by the Likud and Labor of a national unity government "is the best evidence to what extent political leaders in Israel are ready to give up narrow party interests and to work in the interest of the entire nation."

Noting the pessimistic predictions that have been made about the divisions in Israel, Rosenne said, "People never understood that when it comes to basic issues like the security of the State of Israel, the need to secure the northern border of the country, the need to pursue the peace efforts of Israel, Israel has always been more united than ever."

Israel's 'Secret Weapon'

Rosenne added that Israel's "secret weapon" is "Jewish solidarity that is so strong today and will remain so strong for the future." He told the more than 100 Jewish leaders who have participated in three days of meetings with U.S. and Israeli officials here, "you do not realize how moving it is" for Israelis that Jews leave their work to go on missions to Israel or to meetings like the UJA gathering in Washington because of "only one thing, and that's their love for Israel."

Hineni, which is Hebrew for "Here I Am," is the UJA's annual major gifts program. At the banquet last night held at the L'Enfant Plaza Hotel, Samuel Miller of Cleveland, a UJA national vice chairman, was honored for being the founding father of Hineni. H. Irwin Levy of Palm Beach, Florida, national chairman of Hineni, presented Miller with a Roman Glass Antiquity. Jerome Dick of Washington was program chairman.

ISRAELIS LOSE TO RUSSIANS IN DAVIS CUP TENNIS MATCH

By Hugh Orgel

TEL AVIV, Oct. 3 (JTA) — Israel's Shahar Perkis was defeated by the Soviet Union's Alexander Zverev in the final and deciding singles match yesterday of the Davis Cup European Zone A finals in Donetsk, the Ukraine, to bring to an end Israel's bid to move into the world finals of the Davis Cup tournament.

Perkis' match against Zverev, the Soviet team captain, was halted Monday night because of darkness, with the player's evenly split at one game apiece and tied in the third set at 6-11. But on Tuesday, when play resumed, Zverev overcame Perkis and won by a final score of 2-6, 7-5, 10-8, 6-4.

Israel went into Monday's competition leading the Soviets in the best of five series two games to one after Israel's Shlomo Glickstein teamed with Perkis to beat Vadim Borisov and Leonid Leonuk 2-6, 9-11, 6-4, 6-3, in a grueling four hour doubles match.

On Monday, with Israel leading 2-1, Glickstein was defeated in a singles match by 17-year-old Andrei Chernokov, 6-0, 7-9, 1-6, 6-2, 6-1. Chernokov is ranked no. 4 in the Soviet Union and is the Soviet junior champion. He defeated Perkis in an earlier match.

The defeat for the Israelis reverts them to the European Zone in the Davis Cup while the Soviet squad will move on into the premier division of the top 16 international competitors in the finals of the Davis Cup events next year.

SHAMIR: ISRAEL IS READY TO WITHDRAW ALL ITS FORCES FROM LEBANON Cites Security Of Its Border As A Prerequisite By Yitzhak Rabi

UNITED NATIONS, Oct. 3 (JTA) — Deputy Premier and Foreign Minister Yitzhak Shamir reiterated today Israel's readiness to withdraw all its forces from Lebanon, but he said the withdrawal will take place only if security measures are established to protect Israel's northern border from terrorist attacks.

Addressing the General Assembly, Shamir stated: "Let me repeat, any people or state that is interested in the evacuation of the Israel army from Lebanon must see to it that the terrorist organizations expelled from Lebanon by Israel do not return to our borders to renew their attacks. This is an essential condition for peace. Israel is ready to cooperate in any serious effort toward a fair solution to this problem."

Shamir assailed Syria's occupation of Lebanon as the major obstacle toward a solution in that country. He said that Syria "destroyed" the agreement reached between Lebanon and Israel in May 1983 "by the application of sheer, brutal force." He said the agreement was designed to restore Lebanon's independence.

"Today, some 40,000 Syrian troops occupy 65 percent of Lebanon and show no sign of any intention to leave," Shamir said.

"The Lebanese government is dominated by Syria and is not capable of conducting free negotiations that would resolve its problems with Israel."

"Obviously, Israel will ensure its legitimate security needs and make the necessary arrangements in southern Lebanon to protect the people of northern Israel against any repetition of the terrorist attacks of recent years."

Overall Solution To Mideast Conflict

As for the overall solution of the Middle East conflict, Shamir noted that recently the idea of convening an international conference on the Mideast was "resurrected." He pointed out that the idea is promoted by the Soviet Union which "has no diplomatic relations with Israel and that recommends the participation of a terrorist organization," the PLO, in the conference. Israel, Shamir declared, is against such a conference because it "would strike a blow at the principle of direct negotiations which has proved to be the only means of producing agreements between Israel and its neighbors, from the time of the general armistice agreement in 1949 through the Camp David accords in 1978."

Shamir called on "member-countries that have the interest of peace at heart to bring their influence to bear on our Arab neighbors" to seek peace with Israel through direct negotiations.

Most of the Arab delegates, except Egypt, walked out of the Assembly Hall as Shamir started his speech. The Soviet delegation, as well as some African and Communist countries, were also absent from the hall during the Israeli diplomat's speech.

Urges War Against Terrorism

Shamir blasted international terrorism and called on the international community to make the war against terrorism one of its major targets. "This is a war of self-defense in its true sense, a campaign that the free world should undertake on behalf of its peoples and the entire human race," Shamir declared.

He said that Israel has been waging an unrelenting war on Arab terrorism. "The so-called PLO, which had established its own mini-terrorist state in Lebanon, from which it carried out and assisted terrorist acts in five continents, was expelled from that country. But Israel cannot be expected to shoulder alone the burden of international terrorism. Since we are all potential victims of terror, we must fight it together. If we do not, terrorism will endanger our basic freedoms and all the standards of civilized behavior for which this organization (the UN) stands."

Shamir said that Israel has been calling repeatedly on Jordan "to join us in negotiations for peace." He said that Israel is interested in deepening and strengthening its peace with Egypt. But the Israeli diplomat noted that reaching peace between Israel and the Arabs must be viewed "in the context of the realities in our region."

He pointed out that "In a few weeks' bloodshed along the Iran-Iraq border, more men and children die than in all the Arab-Israeli wars." But the UN is obsessed with the Arab-Israel conflict and devotes a disproportionate amount of time to it, only for the purpose of slandering Israel, Shamir charged.

Plight Of Soviet, Syrian, Ethiopian Jews

Shamir devoted the opening part of his speech to the plight of Soviet, Syrian and Ethiopian Jews.

"The situation of Soviet Jewry has recently taken a definite turn for the worse," Shamir said, charging that Soviet Jews are being denied access to Jewish culture, are harassed, and are denied human rights.

"We call upon the Soviet government to change its policy which is unjustifiable. The Soviet Jews are not involved in any anti-Soviet activity, nor are they violating Soviet laws, or working against Soviet interests. Their only wish is to study their ancient culture and their national language and to live as Jews in their historic homeland. It should be recalled that in front of this very Assembly, official representatives of the USSR have declared that the Jewish people have a right to a state of their own. Soviet Jewry demands nothing more than to exercise this right," Shamir declared.

He said that the Jews of Syria are being held hostage by the Syrian regime that "refuses to grant them basic human rights, most important of which is the right to emigrate and join their brethren." He said Syrian Jewry lives in a climate of terror.

In Ethiopia, the Jews struggle to maintain their heritage and culture, Shamir said, adding that Israel hopes that the Ethiopian government "will take all necessary steps to protect and respect their (the Jews) religious and cultural rights and enable those who so desire to be reunited with their families in their ancient homeland."

HOUSE APPROVES ESTABLISHMENT OF A FREE TRADE ZONE WITH ISRAEL

WASHINGTON, Oct. 3 (JTA) — The House approved the establishment of a free trade area with Israel by a 416-6 vote today. The Senate adopted a similar bill by a 96-0 vote last week. Differences between the two bills will have to be ironed out by a conference committee but the final legislation is expected to be adopted by Congress before it adjourns this week.

The only concern about the Free Trade Act, which was sought by the Reagan Administration, came from some of the areas whose products could be hurt by Israeli competition.

WZO TO BE RESTRUCTURED

NEW YORK, Oct. 3 (JTA) -- The World Zionist Organization is presently engaged in a determined process of analysis and soul-searching that will result in a "revolutionary restructuring of the WZO, designed to make it responsive to the current needs of the Jewish people," Leon Dulzin, chairman of the WZO Executive, said following an "historic" three-day conference here of a Think-Tank committee.

"We recognize that the WZO as presently constituted is inadequate -- indeed obsolete -- in successfully grappling with the pressing challenges now confronting the Jewish people," Dulzin declared.

In order to transform the WZO, it has enlisted foremost Jewish thinkers and experts -- academicians, and religious and Zionist leaders -- into regional Think Tank Committees in the United States, Latin America, Europe, the British Commonwealth and Israel, Dulzin said. These committees, like the one which met in New York, are engaged in devising a new WZO strategy and structure to enable it to be an effective instrument of the Jewish people, he pointed out.

The Think Tank conference sought to determine "what makes the Zionist movement and Zionists different from those organizations and their members who have not accepted the Jerusalem Program," Dulzin said. He noted that the Think Tank committee recommended the performance of actions, such as going on aliya and studying Hebrew to distinguish the committed Zionists from others.

Six Critical Issues

He said that in Israel, the central Think Tank Committee formulated six critical issues which were discussed at the New York meeting: the Jerusalem Program, the duties incumbent on the individual Zionist, a framework for those who make aliya, equality of status for all constituent organizations, methods for individual affiliation with the WZO, and the intensification of the democratic process.

"With the benefit of the analysis, counsel and recommendations of our Think Tank experts we are determined to radically transform our movement," Dulzin said. "Initially, Zionism was a movement to establish the State of Israel and to save Jews. Now we must face the task of saving Jewry from the serious inroads of assimilation, loss of Jewish identity and intermarriage. We must also face the fact that although there has been a landmark acceptance of the Jerusalem Program by the leaders of American Jewry, the influence of the WZO in diaspora Jewish life has diminished."

Think Tank Participants

The select stellar academicians and religious luminaries who participated in the Think Tank session were Professors Howard Adelson, City University of New York; Zeev Briner, University of California at Berkeley; Saul Cohen, president of Queens College; Moshe Davis, Hebrew University; Steven Katz, Cornell University; David Landes, Harvard; David Sidorsky, Columbia University; and Eliezer Lipsky, author.

The heads of the three foremost seminaries also took part. They were Gerson Cohen, Jewish Theological Seminary of America; Alfred Gottschalk, Hebrew Union College; and Norman Lamm, Yeshiva University.

The meeting concerned itself with problems of Zionism in the United States. Its views will be brought back to each Zionist organization and will

be followed by a second meeting early in 1985 to summarize the Think Tank conclusions and to make suggestions, Dulzin said. He stated that there will be a subsequent meeting of all Think Tanks in 1985 in Jerusalem to consider the recommendations to be made to the Zionist Actions Committee for its consideration and decision at its January 1986 meeting.

Essential Changes Are Required

Dulzin, noting that this innovative deliberative process is now in full gear, expressed his hope that far-reaching, beneficial changes could be effected, "if possible by consensus or by a broad majority. For, on a crucial topic such as this, more than a simple majority is needed for the decision to be meaningful and to carry weight."

He said the essential changes are required "in the Zionist structure to permit a broader foundation to be laid as a base for building a democratic and ideological Zionist movement that will encompass the entire spectrum of Zionist thought. The new structure should give emphasis to education and ideological causes instead of to politics and parties."

Dulzin added: "It is obvious that only if the WZO makes the necessary changes in its structure will it be able to be the central force in Jewish life it must be in behalf of positive Jewish life, survival and the upbuilding of the Jewish homeland."

HOUSE PANELS APPROVE MEASURE
URGING U.S. TO MOVE ITS EMBASSY
IN ISRAEL FROM TEL AVIV TO JERUSALEM

By David Friedman

WASHINGTON, Oct. 3 (JTA) -- A resolution urging the United States to move its Embassy in Israel from Tel Aviv to Jerusalem was approved by voice votes in both the Europe and Middle East and International Operations subcommittees of the House Foreign Affairs Committee yesterday.

Opposition to the resolution was expressed only by Reps. George Crockett (D. Mich.), Larry Winn (R. Kan.) and Ed Zschau (R. Calif.). The resolution is a sense of the Senate resolution and does not require the President's signature. President Reagan has opposed moving the Embassy at this time.

A spokesman for Rep. Tom Lantos (D. Calif.) said that Lantos and Rep. Benjamin Gilman (R. NY) were urging Rep. Dante Fascell (D. Fla.), chairman of the full committee, to have the committee act on the bill immediately.

The spokesman said it is hoped that if the House acts, the Senate Foreign Relations Committee will also move the bill to the Senate floor. However, it appeared unlikely that Congress can approve the resolution before it adjourns at the end of this week.

ISRAEL'S CHIEF RABBIS PAY FIRST-EVER
RABBINICAL VISIT TO THE HISTADRUT

TEL AVIV, Oct. 3 (JTA) -- Israel's two Chief Rabbis established a precedent Monday by paying the first ever official rabbinical visit to the Histadrut Central Committee.

The Ashkenazi Chief Rabbi, Avraham Shapira, and the Sephardi Chief Rabbi, Mordechai Eliahu, were invited by Histadrut Secretary General Yisrael Kessar when he took office several months ago. They were greeted by the blowing of a shofar from Yemen -- the shofar in honor of the rabbis and one from Yemen in honor of Kessar who was born there.

The visit was described as warm, friendly and marked by expressions of good will and hopes for future cooperation by the rabbis and the trade union leaders.